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U.S. Supreme Court Decision Limits Extraterritorial Reach of U.S. Patents: What Manufacturers and Exporters Need to Know

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Intellectual Property Update

The U.S. Supreme Court's decision on February 22, in *Life Technologies Corp. v. Promega Corp.* limits the ability of a U.S. patent to cover infringing activity abroad. In particular, the Court held that a single component of a patented invention, shipped abroad to be combined with the other components of the patented invention, cannot "*ever* constitute a 'substantial portion' [of the components]" (emphasis added) for purposes of patent infringement under 35 U.S.C. § 271(f)(1). In so ruling, the Court overruled the U.S. Court of Appeals for the Federal Circuit, which had held that a single component can be a "substantial portion" if it is a sufficiently important part of the invention. *Promega v. Life Technologies* (2014). While *Life Technologies* arose in the context of selling a commodity component, the Court's holding is not limited to commodity components.

The decision in *Life Technologies* breaks sharply from the Supreme Court's general trend of striking down the Federal Circuit's bright-line rules in favor of more nuanced, standard-based approaches to patent law. In this case, the Court reasoned that the structure of the statute compels a "quantitative," as opposed to "qualitative," interpretation of the term "substantial." The Court's reasoning was based in part on the fact that 35 U.S.C. § 271(f)(2), the companion provision to 35 U.S.C. § 271(f)(1), separately defines limited circumstances in which a patent is infringed by exporting a single component of a patented invention, to be assembled abroad. In particular, Section 271(f)(2) requires, among other things, that the single component be "especially made or especially adapted for use in the invention and not a staple article or commodity of commerce suitable for substantial non-infringing use."

In this case, plaintiff asserted infringement only under 35 U.S.C. § 271(f)(1) because the component shipped abroad was the enzyme Taq polymerase, which was undisputedly excluded from 35 U.S.C. § 271(f)(2) as a commodity of commerce suitable for substantial non-infringing use. However, after the Supreme Court's ruling, it is now clear that Section 271(f)(2) is a patentee's only recourse against exportation of a single component of a patented invention for use in making the invention abroad.

Life Technologies creates several new complexities and undecided issues under 35 U.S.C. § 271(f)(1), namely: (1) if more than one component is necessary, how many are required and how should that determination be made?; (2) is the

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importance of individual multiple components to be considered?; and (3) because the number of components is the key, how will the number of components of a product be determined and counted?

Key Takeaways for Manufacturers and Exporters

In short, the extraterritorial reach of U.S. patents, which has always been limited, is now more so. For U.S. manufacturers, *Life Technologies* effectively eliminates any risk of contributory patent infringement liability based on exporting a single staple article or commodity for use abroad. Conversely, a U.S. patent alone no longer adequately protects an invention in foreign markets solely on the basis that a staple article or commodity used to make the invention is exclusively or most conveniently produced in the U.S.

As always, and more so now in view of *Life Technologies*, businesses developing potentially patentable products should consult with a patent attorney and take early measures to preserve their rights to patent protection. They should consider filing, or actively preserving their right to file, not only U.S. patent applications, but also foreign patent applications in countries where the products may be marketed, particularly in view of the undecided new issues this case creates with respect to the reach of U.S. patents.